

Message Text

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PAGE 01 TAIPEI 00665 280919Z

22

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 8355

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E.O. 11652: N/A

TAGS: PGOV, EGEN, TW

SUBJECT: MINISTER OF FINANCE K.T. LI (LI KUO-TING) MAY RESIGN

1. THE RUMOR ABOUNDS IN TAIPEI THAT K.T. LI SOON WILL RESIGN HIS POSITION AS MINISTER OF FINANCE BECAUSE OF POOR HEALTH. LI, WHO SUFFERED A MODERATELY SEVERE HEART ATTACK IN DECEMBER, IS RECUPERATING AT HOME. HE REPORTEDLY HAS BEEN TOLD BY HIS DOCTORS THAT IF HE WISHES TO AVOID THE POSSIBILITY OF ANOTHER ATTACK HE WILL HAVE TO TAKE IT EASY. SINCE THE POSITION OF MINISTER OF FINANCE IS VERY DEMANDING (LI ONCE COMMENTED TO THE ECON COUNS THAT HE WORKED AN AVERAGE OF 70 HOURS A WEEK), THE MINISTER REPORTEDLY HAS INFORMED THE PREMIER THAT HE WISHES TO RESIGN.

2. ASSUMING THE RUMOR IS TRUE, THREE NAMES ARE BEING PROMINENTLY MENTIONED AS LI'S SUCCESSOR: H.T. CHOU (CHOU HUNG T'AO 0719/2347/3477),

DIRECTOR GENERAL OF BUDGET, ACCOUNTS AND STATISTICS (DGBAS); C.Y. CHAO (CHAO, CHU-YU 6392/5112/6877), CHAIRMAN OF THE VOCATIONAL ASSISTANCE COMMISSION FOR RETIRED SERVICEMEN (VACRS); AND S.Y. WANG (WANG, SHAO-YU 3769/4801/0960/5148) CURRENT ADMINISTRATIVE VICE MINISTER OF FINANCE. OF THE THREE, CHOU WOULD APPEAR TO BE
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PAGE 02 TAIPEI 00665 280919Z

THE MOST LIKELY CHOICE OF THE PREMIER. HIS CREDENTIALS ARE

IMPRESSIVE. HE HAS SERVED AS COMMISSIONER OF FINANCE OF THE TAIWAN PROVINCIAL GOVERNMENT, EXECUTIVE DIRECTOR OF THE BANK OF TAIWAN AND VICE MINISTER OF FINANCE. IN THE EMBASSY'S OPINION, HE HAS BEEN AN EFFECTIVE ADMINISTRATOR OF DGBAS. HE ALSO ENJOYS A CLOSE PERSONAL RELATIONSHIP WITH THE PREMIER DATING BACK TO THE 1930'S. AT ONE TIME HE SERVED AS PERSONAL SECRETARY TO THE PRESIDENT. CHAO IS ALSO CLOSE TO THE PREMIER DATING BACK TO THE EARLY 1940'S. CHIANG CHING-KUO BROUGHT CHAO INTO VACRS, FIRST AS SECRETARY GENERAL AND THEN VICE CHAIRMAN. HE MOVED UP TO CHAIRMAN IN 1964 WHEN THE PREMIER RELINQUISHED THAT POSITION. CHAO ALSO WORKED MANY YEARS FOR THE INSURANCE DEPARTMENT OF THE CENTRAL TRUST OF CHINA, BOTH ON THE MAINLAND AND ON TAIWAN. HIS REPUTATION EITHER AS AN ADMINISTRATOR OR AS AN ECONOMIST IS NOT OUTSTANDING. TWO PROMINENT BUSINESS MEN COMMENTED TO THE ECONOMIST JANUARY 26 THAT IF CHAO SUCCEEDS K.T. LI IT WILL BE CAUSE OF "CRONYISM" AND NOT COMPETENCE. S.Y. WANG WOULD APPEAR THE LEAST LIKELY OF THE THREE TO BECOME MINISTER. HE IS AN ABLE ADMINISTRATOR BUT HE IS NOT PARTICULARLY CLOSE TO THE PREMIER. HIS BEST CHANCE WOULD COME IF CHOU AND CHAO, BOTH OF WHOM ARE PROMINENT IN THE KMT, WERE TO VIE FOR THE POSITION. THE PREMIER MIGHT, IN ORDER TO KEEP PEACE IN THE OFFICIAL FAMILY, SELECT WANG AS A COMPROMISE CANDIDATE. POPPLE

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